



STATE OF MICHIGAN
TERRI LYNN LAND, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

MEMORANDUM

DATE: October 9, 2006

TO: Independent, Political and Caucus Committees Registered on State Level

FROM: Michigan Department of State, Bureau of Elections

SUBJECT: UPCOMING FILING REQUIREMENTS

- The careful review of this memo is recommended to ensure that you are aware of the filings required of your committee.
- All Independent, Political and Caucus Committees registered on the state level that do not maintain a Reporting Waiver are required to file the October Campaign Statement due on October 25, 2006.
- Independent, Political and Caucus Committees that participate in the November 7 general election may be required to file Late Contribution Reports and/or 24-Hour Reports as explained in this memo.
- Independent, Political and Caucus Committees that participate in the November 7 special election scheduled in State House Districts 29, 56 and 69 may be required to file a Special Election Independent Expenditure Report.
- An Independent, Political or Caucus Committee registered on the state level that (1) received or expended \$20,000.00 or more in 2005 or (2) expects to receive \$20,000.00 or more in 2006 is required to file electronically. Committees may apply for MERTS Plus software on line at the MERTS Plus web site: www.mertsplus.com.
- Independent, Political and Caucus Committees that are required to file Campaign Statements electronically must also file Late Contribution Reports, Special Election Independent Expenditure Reports and 24-Hour Reports (Caucus Committees only) electronically. Please see page 3 of this memo for information on the Department's immediate disclosure reporting (e-IDR) program.

October Campaign Statement

All Independent, Political or Caucus Committees registered on the state level that do not maintain a Reporting Waiver are required to file the October Campaign Statement due on October 25, 2006. The Campaign Statement is required even if the committee has no transactions to report for the period covered by the Campaign Statement.

The October Campaign Statement is not required of an Independent, Political or Caucus Committee registered on the state level that maintains a Reporting Waiver. Note that a Reporting Waiver maintained by an Independent or Political Committee is lost if the committee receives or spends more than \$1,000.00 during the course of the year, has an account balance over \$1,000.00 or has over \$1,000.00 in debts.

Coverage Dates of Statement

The October Campaign Statement due on October 25, 2006 opens on the day after the "closing date" of the last Campaign Statement filed by the committee. If the committee has never filed a Campaign Statement, the October 25 Campaign Statement opens on the earlier of the following two dates: 1) the committee's formation date or 2) the date the committee accepted its first contribution or made its first expenditure.

The October 25, 2006 Campaign Statement closes on October 20, 2006.

Forms; Number of Copies Required

Forms for filing the October Campaign Statement are available on our website at www.michigan.gov/sos. The forms can also be obtained by contacting Irene Del Rio at the Michigan Department of State's Bureau of Elections. Phone: (517) 373-8612. Email: delrioi@michigan.gov.

When filing, one original copy of the October 25 Campaign Statement is required. A duplicate copy is no longer needed.

File on Time!

If the committee raised **\$10,000.00 or less** during the previous 2 years, a \$25.00 late filing fee will be assessed each business day the Campaign Statement remains unfiled up to \$500.00. If the committee raised **more than \$10,000.00** during the previous 2 years, the maximum fee which can be assessed is increased to \$1,000.00.

- Electronic filings, sent via the Internet, must be transmitted and received by the Bureau of Elections by 5:00 p.m. on October 25, 2006.
- A Campaign Statement submitted by a committee required to file electronically will not be accepted unless filed by diskette or over the Internet.
- An October 25 Campaign Statement that is hand-delivered or sent by first class mail must reach this office before 5:00 p.m. on Wednesday, October 25, 2006. Be sure to allow ample mailing time if sending first class.
- An October 25 Campaign Statement submitted on paper or diskette that is mailed by registered mail, certified mail or an overnight delivery service and postmarked two or

more calendar days before the filing deadline will be accepted as timely regardless of when it arrives.

- Be sure to fill out all forms as accurately as possible. Notices will be sent to the committee if forms are left off, figures are wrong, addresses are incorrect, etc. The committee is then required to file an amendment to correct the error.
- A Campaign Statement will not be accepted if it is illegible, does not bear a proper signature or is not the proper size.

Statement Of Organization Amendments Required With Campaign Statement

A committee registered under Michigan's Campaign Finance Act is required to amend its Statement of Organization if any information presented on the form changes. Required amendments to the form must be filed no later than the due date of the next upcoming Campaign Statement required of the committee. Therefore, if your committee is required to file the October 25 Campaign Statement, we urge you to review your committee's Statement of Organization before you file the Campaign Statement. If any information on the Statement of Organization has changed, be sure to file an appropriate amendment to the form no later than October 25, 2006. An amended Statement of Organization cannot be filed electronically.

If a committee has a Reporting Waiver and is not required to file Campaign Statements, amendments to the Statement of Organization may be filed anytime information on the form changes.

Late Contribution Reports, Special Election Independent Expenditure Reports and 24-Hour Reports (Caucus Committees Only) - Electronic Filing

In June, the Michigan Department of State's Bureau of Elections announced the Immediate Disclosure Reporting or "e-IDR" program that allows committees registered with the Department of State to file Late Contribution Reports, Special Election Independent Expenditure Reports and 24-Hour Reports (Caucus Committees only) electronically. A memo dated June 30, 2006, was sent to all active committees registered with the Bureau of Elections announcing the new program.

All committees are encouraged to use the e-IDR program voluntarily. However, committees that are required to file electronically because they have exceeded the \$20,000.00 threshold must also file Late Contribution Reports, Special Election Independent Expenditure Reports and 24-Hour Reports (Caucus Committees only) using e-IDR. Paper, email or fax copies no longer meet the filing requirements of the Michigan Campaign Finance Act; late filing fees may be assessed against reports that are required to be filed electronically and are not filed using e-IDR.

To file using e-IDR, go to www.Michigan.gov/sos and click the following: "Elections in Michigan," "Campaign Finance Disclosure," "Electronic Filing and MERTS" and then "Immediate Disclosure Reports (e-IDR)." Please bookmark this page for easy access the next time you need to file.

Late Contribution Reports

An Independent, Political or Caucus Committee registered on the state level must report all "late contributions." A late contribution is any single contribution of \$200.00 or more received by the committee between the 15th and 3rd day before the date of any "election" in which the committee participates. The term "election" is used to mean a primary, general, special, recall or millage election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates.

An Independent, Political or Caucus Committee registered on the state level that participates in the November 7, 2006 general election is required to file a "Late Contribution Report" if the committee receives a contribution of \$200.00 or more from October 23 through November 4, 2006.

- A Late Contribution Report must be received by this office within 48 hours after the committee's receipt of the contribution. A Late Contribution Report must contain the date and amount of the contribution along with the contributor's name, street address, occupation, employer and principal place of business. The report may be made in a telegram, fax or by any other means of written communication unless required to be filed electronically. A Late Contribution Report need not contain an original signature. In addition to this report, the late contribution must be disclosed on the next Campaign Statement filed by the committee.
- A form for filing a Late Contribution Report is available on our website: www.Michigan.gov/sos.
- Committees that are required to file electronically because they have exceeded the \$20,000.00 threshold must file Late Contribution Reports using e-IDR. (Instructions for accessing the e-IDR system are provided on page 3.)
- Late Contribution Reports are not waived by a Reporting Waiver. However, committees with a Reporting Waiver are not required to show late contributions on a Campaign Statement.
- A committee, treasurer or designated record keeper who fails to report a late contribution required under Michigan's Campaign Finance Act is responsible for the payment of a late filing fee. The maximum late filing fee which can be assessed is \$2,000.00.

Special Election Independent Expenditure Report

An Independent or Political Committee registered on the state level that makes an independent expenditure from September 23, 2006 through November 7, 2006 to support or oppose a candidate participating in the November 7, 2006 special elections scheduled in State House Districts 29, 56 or 69 is required to file a "Special Election Independent Expenditure Report."

The report must be filed with the Department of State's Bureau of Elections within 48 hours after the independent expenditure is made. Independent expenditures are expenditures made on behalf of the candidate which are not made under the control or with the consent of the candidate's Candidate Committee.

- Special Election Independent Expenditure Reports are not waived by a Reporting Waiver.

- A Special Election Independent Expenditure Report filed by paper is made by attaching an Itemized Independent Expenditures Schedule (2B-1) to a Campaign Statement Cover Page, entering the appropriate information and submitting the forms within the 48-hour period explained above. The Cover Page must list the committee's name and identification number and be signed by the committee's treasurer or designated recordkeeper. The Itemized Independent Expenditures Schedule must list the date and the amount of the independent expenditure; the name of the candidate and the office he or she seeks; the name and address of the person to whom the independent expenditure was paid; and a description of the independent expenditure which specifies whether the independent expenditure was made to support or oppose the candidate involved. The Summary Page is not completed.
- Committees that are required to file electronically because they have exceeded the \$20,000.00 threshold must submit the required Special Election Independent Expenditure Reports using e-IDR. (Instructions for accessing the e-IDR system are provided on page 3.)
- An Independent Expenditure which is reported in the above manner must be listed on the committee's next required Campaign Statement.
- If the committee raised **\$10,000.00 or less** during the previous 2 years, a \$25.00 late filing fee will be assessed each business day the report remains unfiled up to \$500.00.
- If the committee raised **more than \$10,000.00** during the previous 2 years, the maximum fee which can be assessed is increased to \$1,000.00.

24-Hour Reports (Filed By Caucus Committees Only)

Caucus Committees are also required to file daily reports, from the 14th day preceding a primary, a general or special election to the day after the primary, general or special election, if the committee receives a contribution or makes an expenditure of more than \$1,000.00. Similar to a "late contribution report," a 24-Hour Report must fully disclose the contribution or expenditure, may be made in a telegram, fax or by any other means of written communication, unless required to be filed electronically, and need not contain an original signature.

- A 24-Hour Report is due no later than 4:00 p.m. on the first business day following the date the contribution in excess of \$1,000.00 is received or the expenditure in excess of \$1,000.00 is made. The 24-Hour Report closes on the day the contribution is received or the expenditure is made.
- Committees that are required to file electronically because they have exceeded the \$20,000.00 threshold must file 24-Hour Reports using e-IDR. (Instructions for accessing the e-IDR system are provided on page 3.)
- If the committee raised \$10,000.00 or less during the previous 2 years, a \$25.00 late filing fee will be assessed each business day the report remains unfiled up to \$500.00. If the committee raised more than \$10,000.00 during the previous 2 years, the maximum fee which can be assessed is increased to \$1,000.00.
- A Caucus Committee that participates in the November 7, 2006 general election or the November 7, 2006 special elections scheduled in State House Districts 29, 56 or 69 is required to file a 24-Hour Report if the committee receives a contribution or makes an expenditure of more than \$1,000.00 from October 24 through November 8, 2006.

Identification Requirements

The Michigan Campaign Finance Act requires PAC's, Ballot Question Committees and Political Party Committees to add the statement “**paid for with regulated funds**” to the identification or disclaimer included on printed matter or in paid radio or television advertisements. The following wording is recommended: “Paid for with regulated funds by (name and address of committee).”

MERTS Plus Software For Independent, Political and Caucus Committees

The following reminders are offered for Independent, Political and Caucus Committees using MERTS Plus software to electronically file Campaign Statements. **Questions concerning use of the software should be directed to MERTS Plus Tech Support at: (703) 749-4642 or sent by e-mail to mertsstechsupport@nicusa.com.**

- **Election Cycles** – Make sure the correct election cycle(s) are entered into the Election Cycles Window. The election cycle for a candidate participating in the November 7, 2006 general election ends on November 7, 2006. For expenditures made after the November 7, 2006 general election to support or oppose candidates or issues, a new election cycle must be created for each candidate or ballot issue (Section 1.4 of the MERTS Plus Training Manual). The election cycle begins on the day after the last general election and ends on the day of the next general election.
- **Campaigns** – Make sure up to date campaign(s) are created in the Campaigns Window for each candidate or issue supported or opposed by the committee. For expenditures made after the November 7, 2006 general election to support or oppose candidates or issues, a new campaign must be created for each candidate or ballot issue (Section 1.5 of the MERTS Plus Training Manual).
- **Reporting Periods** – A separate report record (with correct coverage period dates) must be created in the Reports Window for each Campaign Statement that will be submitted by the committee electronically (Section 1.6 of the MERTS Plus Training Manual).
- **Amendments to Campaign Statements** – An amended Campaign Statement cannot be filed electronically until an original Campaign Statement has been filed electronically. If more than one amendment to a Statement has been created, each amendment must be electronically submitted in the order it was created.

Obtaining The MERTS Plus Software

State level committees wishing to obtain the MERTS Plus software may apply on-line at the MERTS Plus web site (www.mertsplus.com). Both on-site and on-line software training options are available. Access to the software is provided to committees that have completed the training session.

Questions?

If you have any questions, please do not hesitate to contact this office.

Michigan Department of State
Bureau of Elections
Post Office Box 20126
Lansing, Michigan 48901-0726
Phone: (517) 373-2540

Office location: Richard H. Austin Building, 1st Floor
430 West Allegan
Lansing, Michigan 48918-1700

MERTS Plus Steps to Creating a Committee File

Begin by taking the MERTS Plus online training at www.mertsplus.com. Once you have passed the MERTS Plus quiz, please follow the steps below to create your committee file using the MERTS Plus software.

First, download the software.

- Log on to: www.mertsplus.com
- Click on “**Software Downloads**”
- Click on “**Committee Module**”
- Enter user name and password
- Follow the prompts given to install the MERTS Plus software.

Note: The user name and password are for downloading the software, you will receive a second email with your password for filing campaign statements electronically.

Second, create a new DCF/committee file.

- Click “**Start**”, “**Programs**”, “**Michigan Application**” and “**MERTS Plus.**”
- Click “**File**”, and “**New**” to access the “**Names box.**”
- Replace “**My committee**” with the committee’s name.
- Type the committee's 7-digit ID number (including dash) in the “**ID field.**”
- Complete the committee address information and select “**OK.**”

Next, save your DCF/committee file.

- Click “**File**”, then select “**Save**” and name your DCF/committee file.
- Click “**Save**” then select “**File**” and “**Close**” to close out of the MERTS Plus program.

Finally, open your newly created DCF/committee file.

- Click “**Start**”, “**Programs**”, “**Michigan Applications**” and “**MERTS Plus.**”
- Click “**File**” then “**Open**” and double-click on the DCF/committee file created in the previous step.

Note: Never create a new DCF file for the same committee. One DCF file will contain all of the committee reports (Annuals, Pre Primary, July Triannual, etc.).

There are a number of windows for the MERTS Plus software. Windows are used to enter data, create reports, etc. Before you refer to the MERTS Plus manual, try opening all the windows in the software.

- Click “**View**” then select “**Open all**” to open all windows.
- Click “**Window**” then select “**Tile horizontal**” to view all windows.
- **Candidate committees only:** Click “**View**” and select each window separately before clicking on “**Window**” and “**Tile horizontal.**”

You have successfully opened all your windows! To get started entering data, log on to www.mertsplus.com to obtain your MERTS Plus Manual.

Most Common Errors for Electronic Filers

Unclosing an Uploaded Report

Once a campaign statement has been closed and uploaded (filed electronically), it should never be unclosed. Unclosing a campaign statement that has been filed electronically may result in the committee losing data and having to start over with enter all lost data (names, campaign statements, transactions, etc.). In order to make changes to a electronically filed campaign statement the committee must right-click on the campaign statement in the “Reports Window” and select “amend.”

Beginning/Ending Balances

There should never be a time when the beginning balance of one campaign statement is different from the ending balance of a previous campaign statement. In addition, there should never be a time when the beginning or ending balance of a campaign statement reflects a negative amount.

The following are the most common mistakes that results in this type of error:

- **Incorrect coverage dates:** The campaign statement’s coverage dates should never gap or overlap in coverage. When this occurs the beginning and ending balances of campaign statement will not reconcile.
- **Incorrect transaction date:** Be sure that the date of your transactions fall within the campaign statement you have created. For instance, if you select a date previous of the current campaign statement you are working with, the transaction, will attach to a previous report and result in the ending balance of the previous campaign statement not reconciling with the beginning balance of the current campaign statement.
- **Committee incorrectly entered Inkind contributions as expenditures:** Inkind contributions do not affect the beginning and ending balance of a campaign statement. However, if a committee incorrectly enters an Inkind contribution as an expenditure, it can reflect a negative ending balance on the campaign statement.
- **Committee did not enter all contributions.** If a committee fails to report all its contributions, it can reflect a negative ending balance on the campaign statement.
- **Committee has created a new DCF file to create a campaign statement:** Be sure to never create a new DCF file. A committee should only have one DCF file to create all campaign statements. When a committee creates a new DCF file, the former DCF file and its data are not connected to the previous file and therefore the ending balance of the previous campaign statement will not reconcile with the beginning balance of the current campaign statement.